COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 0893-01
BILL NO.: HB 493
SUBJECT: Insurance-Medical; Taxation and Revenue - General and Income
TYPE: Original
DATE: April 3, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	($3,040,000)	($3,130,000)	($3,220,000)
Total Estimated Net Effect on All State Funds	**($3,040,000)**	**($3,130,000)**	**($3,220,000)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Insurance (INS)** state this proposal would not fiscally impact their agency.

In a similar proposal officials of the **Department of Revenue (DOR)** stated this legislation increases the income tax deduction for long term care insurance premiums from 50% of the non-reimbursed amounts paid to 100%.

Increasing the deduction from 50% to 100% will not impact the Department of Revenue. However, section 135.096 is not effective until January 1, 2001, and the Department will maintain the same impact for administering the original deduction as reported in the fiscal note in 1999 for Senate Bill 8 (LR 1899-01).

In a similar previous proposal, officials of the **Office of Administration (COA)** state that according to the Department of Insurance, Missourians paid $87.4 million in premiums in calendar year 1997 for long term insurance. Using a marginal tax rate of 6% and a 3% growth rate for premiums would generate a loss of ($3.04 million) in FY 2002, ($3.13 million) in FY 2003 and ($3.22 million) in FY 2004.

This proposal would result in a decrease in Total State Revenues.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Loss to General Revenue Fund			
Increase in deduction for non-reimbursed Insurance premiums	($3,040,000)	($3,130,000)	($3,220,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($3,040,000)**	**($3,130,000)**	**($3,220,000)**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	$0	$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Under current law, a resident individual taxpayer may deduct 50% of any non-reimbursed premium paid for long-term care insurance. The bill increases the percentage to 100% for tax year 2001.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Insurance
Department of Revenue

Jeanne Jarrett, CPA
Director
April 3, 2001